

Department of Social and Health Services

DP Code/Title: M2-5P Increase Incapacity Exams

Program Level - 060 Economic Services Admin

Budget Period: 2001-03 Version: F3 060 2001-03 2003 Sup Agency Req

Recommendation Summary Text:

Program costs for Incapacity Exams for General Assistance - Unemployable (GA-U) clients have increased due to the growing number of applicants, increased emphasis on more objective "evidence-based" eligibility determination, and an increased emphasis on referrals to the federal Supplemental Security Income (SSI) program. This decision package requests the additional funding necessary to cover the increases that stem from these changes.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	1,469,000	1,469,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	0	301,000	301,000
Total Cost	0	1,770,000	1,770,000

Staffing

Package Description:

The Economic Services Administration (ESA) provides the following for GA-U clients (low-income adults who are unemployable based on a medical impairment):

- Payments to medical service providers to reimburse for the costs of providing medical evidence needed to establish incapacity.
- Payments to medical service providers for the costs of assessment, evaluation and records for applicants/recipients to document the disability criteria set by the Social Security Administration (SSA).

These payments are for costs related to general or comprehensive physical evaluation (including laboratory or imaging services needed for diagnosis), psychological evaluation, and psychological testing or psychiatric evaluation.

The program rates paid to medical service providers were increased in July 2001 in response to rising costs and to reinforce access to objective medical evidence. Some of the rate increases are the result of:

- The Department of Health (DOH) changing its rules on the amounts physicians can charge to make copies of medical records.
- Medical Assistance Administration (MAA) increasing its rates on diagnostic services.
- ESA replacing the flat fee for psychological testing with reimbursement for specific tests to improve medical evidence.
- ESA added a no-show fee if a client failed to show for psychiatric testing in response to concerns that we were losing access to providers.

Expenditures also increased due to significant growth in the number of GA-U applications and an intensified emphasis on establishing eligibility for the federal SSI program.

Clients must provide medical evidence to establish or continue to show incapacity as verification of eligibility for GA-U. ESA is required by Revised Code of Washington (RCW) 74.04.005(6) to meet the increasing demand.

Narrative Justification and Impact Statement

How contributes to strategic plan:

Department of Social and Health Services

DP Code/Title: M2-5P Increase Incapacity Exams
Program Level - 060 Economic Services Admin

Budget Period: 2001-03 Version: F3 060 2001-03 2003 Sup Agency Req

Performance Measure Detail

Program: 060

Goal: 02F Maintain safety net for people in need.

Incremental Changes

FY 1

FY 2

No measures submitted for package

Reason for change:

ESA must provide Incapacity Exams to establish incapacity for GA-U clients or document disability to move more individuals to the federally funded SSI program. This request is for the increase in costs over the Fiscal Year 2001 expenditure level.

Impact on clients and services:

This proposal will allow ESA to ensure program access and continue moving clients from a General Fund-State (GF-S) funded program to a federally funded program. Clients will continue to receive necessary services and eligibility for clients will be uninterrupted.

Impact on other state programs:

SSI Facilitation - Initial medical evidence that proves eligibility for GA-U may not provide enough information to indicate or support claims of disability. Without additional medical information, the client's application for SSI is typically denied. The department has an interest in providing additional evidence to recover potential GA-U funds when the SSI applications are approved.

Alcohol and Drug Addiction Treatment and Support Act (ADATSA) - When a client has chronic health issues and is eligible for state-funded ADATSA shelter cash assistance, the client is required to file an SSI application and ESA meets the cost of obtaining medical evidence to support the application.

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

There are no alternatives that would provide access to medical evidence at a lower cost. Medical evidence providers would restrict their availability and delivery of evaluation services, making it very difficult to get the objective evidence required by state law or federal regulations.

Budget impacts in future biennia:

The additional costs for Incapacity Exams will continue into future biennia.

Distinction between one-time and ongoing costs:

The funding to support Incapacity Exam cost increases is ongoing.

Department of Social and Health Services

DP Code/Title: M2-5P Increase Incapacity Exams
Program Level - 060 Economic Services Admin

Budget Period: 2001-03 Version: F3 060 2001-03 2003 Sup Agency Req

Effects of non-funding:

Clients would not receive benefits for which they are eligible because of the inability to document their disability.

Expenditure Calculations and Assumptions:

The base amount in the 2003-05 Biennium Budget is the actual expenditure for Fiscal Year 2001. The amounts below represent projected expenditures for Fiscal Year 2002 compared to the base amount, resulting in the requested increase of \$1,770,000 per fiscal year. Also included below are the total number of incapacity decisions using the Caseload Activity Report in the Inclusive Case Management System.

Projected Expenditures - Fiscal Year 2002	\$4,511,977
Actual Expenditures - Fiscal Year 2001	\$2,741,852
Increased Costs	\$1,770,125

Number of Incapacity Decisions

Fiscal Year 2002	90,104*
Fiscal Year 2001	80,900*
Fiscal Year 2000	73,288*

* These numbers include both applications and reviews of recipients of which approximately 50 percent are applications and 50 percent are reviews.

See attachment - ESA M2-FA Increased Incapacity Exams.xls

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
N Grants, Benefits & Client Services	0	1,770,000	1,770,000

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
0011 General Fund State	0	1,469,000	1,469,000
Total for Fund 001-1	0	1,469,000	1,469,000
Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa			
<u>Sources</u> <u>Title</u>			
19UL Title XIX Admin (50%)	0	301,000	301,000
Total for Fund 001-C	0	301,000	301,000
Total Overall Funding	0	1,770,000	1,770,000